

# **AKIACHAK, LIMITED BULK FUEL FACILITY**



## **MONITORING PLAN AND RECOMMENDATIONS**

Prepared for:  
**THE ALASKA ENERGY AUTHORITY (AEA)**

**SEPTEMBER 30, 2005**

---

Prepared by:

AURORA CONSULTING  
880 H Street, Suite 105  
Anchorage, AK 99501  
Ph. (907) 245-9245  
Fax (907) 245-9244  
EMAIL: [us@auroraconsulting.org](mailto:us@auroraconsulting.org)



## TABLE OF CONTENTS

---

<b>OVERVIEW</b> .....	1
<b>BULK FUEL FACILITY MANAGEMENT/OPERATIONAL SKILLS</b> .....	5
Financial Management .....	5
Personnel Management .....	7
Operations Management .....	8
<b>BUSINESS OPERATING PLAN COMPLIANCE</b> .....	9
Financial Management .....	9
Personnel Management .....	11
Operations Management .....	12
<b>RECOMMENDATIONS</b> .....	13

## OVERVIEW

---

This Monitoring Plan and Recommendations was completed under contract to the Alaska Energy Authority as a follow-up to a Bulk Fuel Upgrade project in Akiachak, Alaska that constructed a new bulk fuel storage facility with twelve storage tanks, six intermediate tanks at various locations, and a multi-product dispensing tank. A component of the upgrade project was the development of a Business Operating Plan, which provided a guideline for the Akiachak Limited's maintenance and operation and sustainability of the Bulk Fuel Upgrade (the "Facility"). Akiachak Limited, (the "Primary Operator"), is responsible to operate and sustain the newly installed Facility according to the criteria and guidelines outlined in the Business Operating Plan.

### ***Facility Participants***

The Facility participants are:

#### **Akiachak Native Community**

Primary Contact Name: *George Peters, Tribal Administrator*

Phone: (907) 825-4626 Fax: (907) 825-4029

Address: P.O. Box 70, Akiachak, AK 99551

Usage: The Council will utilize its facility assets to operate its utilities.

#### **Akiachak, Limited**

Primary Contact Name: *Willie Kasayulie, CEO*

Phone: (907) 825-4328 Fax: (907) 825-4115

Address: P.O. Box 51010, Akiachak, AK 99551

Usage: The Corporation will utilize its facility assets to retail fuel.

#### **Yup'it School District**

Primary Contact Names: *Joe Slats, Superintendent; Robert Helpin, Maintenance Director*

Phone: (907) 825-4428 Fax: (907) 825-4827

Address: YSD District Office, P.O. Box 51100, Akiachak, AK 99551-0100

Usage: The YSD will utilize its facility assets to operate its physical plant.

### ***Facility Components & Capacity***

The following table provides a summary of the tankage, by type of fuel that is included in the Facility upgrade:

### *Facility Components & Capacities*

Storage/Dispensing Capacity	Number	Gallons Per Tank (Gross)	Total Gallons (Gross)	Gallons Per Tank (Net)	Total Gallons (Net)
<b>Council</b>					
Diesel					
Primary Storage	1	48,000	48,000	43,200	43,200
Intermediate Storage	1	4,000	4,000	3,600	3,600
Intermediate Storage	1	10,000	10,000	9,000	9,000
<b>Total Council</b>	<b>3</b>		<b>62,000</b>		<b>55,800</b>
<b>Corporation</b>					
Gasoline					
Retail Dispenser	1+	6,000	6,000	5,100	5,100
Primary Storage	3	48,000	144,000	43,200	129,600
Subtotal Gasoline	4		150,000		134,700
Diesel					
Retail Dispenser	1+	6,000	6,000	5,100	5,100
Intermediate Storage	1	10,000	10,000	9,000	9,000
Primary Storage	5	48,000	240,000	43,200	216,000
Subtotal Diesel	7		256,000		230,100
<b>Total Corporation</b>	<b>11</b>		<b>406,000</b>		<b>364,800</b>
<b>Yupiiit School District</b>					
Gasoline					
Fleet Dispenser	1+	9,000	9,000	8,100	8,100
Subtotal Gasoline	1		9,000		8,100
Diesel					
Primary Storage	2	48,000	96,000	43,200	86,400
Intermediate Storage	2	12,000	24,000	10,800	21,600
Intermediate Storage	1	15,000	15,000	13,500	13,500
Subtotal Diesel	5		135,000		121,500
<b>Total Yupiiit School District</b>	<b>6</b>		<b>144,000</b>		<b>129,600</b>
<b>Total Storage/Dispensing</b>	<b>19</b>		<b>612,000</b>		<b>550,200</b>
<b>Pipeline Components</b>			<b>Number</b>		
Marine Header (Inside Tank Farm)			2		
Pipeline to Schools			1		
Pipeline to Power Plant, Washeteria & Water Treatment Plant			1		

+ Triple Product Horizontal Tank

### ***Community Information***

The village of Akiachak is located the west bank of the Kuskokwim River, 18 miles northeast of Bethel. Currently, Akiachak has a 1,625-foot gravel airstrip and seaplane facilities where scheduled and chartered air services are available year-round.

Today, the community of Akiachak is primarily Yup'ik Eskimos with approximately 680 year round residents. Most residents depend on a subsistence lifestyle for most food sources. Employment is primarily with the Yupiit School District, which has headquarters located in the community, and other public services. Seasonal jobs include commercial fishing, BLM fire fighting and construction work.

Selected demographic and historical data for the community is provided below:

#### ***Selected Statistics – Akiachak***

<b>Population</b>	
2000	585
1990	481
1980	438
1970	312
1960	229
1950	179
<b>Housing (2000 Data)</b>	
Occupied Housing	133
Vacant Housing Due to Seasonal Use	0
Other Vacant Housing	17
<b>Economic Data (2000 Data)</b>	
Unemployment Rate	25.5%
Median Household Income	\$35,833

### ***Akiachak, Limited***

Akiachak, Limited has successfully administered and operated a wide variety of community businesses. The following table lists the Corporation's current community businesses and services:

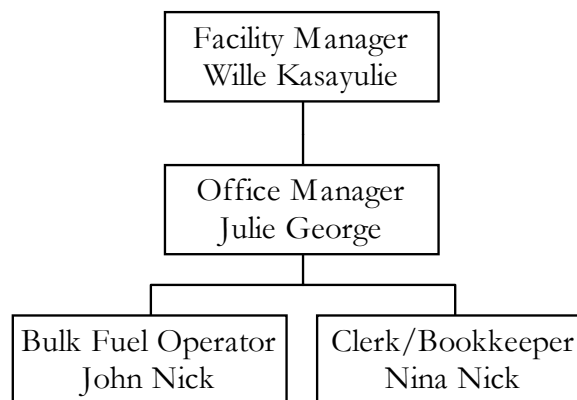
<b>Current Businesses and Services</b>
Akiachak Native Community Electric Co.
Akiachak Fuel Sales Inc.
Akiachak Enterprises Inc. (Retail Store)
Kalikwik Inc. (Real Estate & Leasing)

Akiachak, Limited owns and operates the community's electric generator plant under a subsidiary business called the Akiachak Native Community Electric Company. Company employees maintain the generator plant, monitor electric meters at residences and businesses, and collect electrical fees. The Company participates in the Power Cost Equalization Program.

Akiachak, Limited owns and operates the community's retail fuel sales under a subsidiary business, the Akiachak Fuel Sales Incorporation. The Corporation purchases fuel by barge approximately three times a year in the spring, summer and fall. During the winter months fuel is trucked from Bethel - approximately eight times per winter. The barge fuel delivery is approximately 25,000 to 30,000 gallons of diesel. The truck fuel delivery is approximately 1,500 to 10,000 gallons of diesel. The diesel fuel purchased by the Corporation is used to operate the electric generator plant and to sell to the community for heating homes and buildings. The Corporation also sells gasoline to the community for operating motor vehicles.

Since the Business Operating Plan, dated July 21, 2003, was finalized there has been some staff turnover – including a new clerk/bookkeeper and facility operator. The following chart illustrates the staff relationships of the Akiachak, Limited Bulk Fuel Facility:

#### **AKIACHAK, LIMITED BULK FUEL FACILITY STAFFING ORGANIZATIONAL CHART**



### ***Monitoring Project***

The Alaska Energy Authority contracted with Aurora Consulting, of Anchorage Alaska, to conduct a monitoring and evaluation of the Akiachak, Limited Bulk Fuel Facility and to develop a “*Monitoring Plan and Recommendations*”. The scope of the assignment included working with the Corporation to obtain information on existing management and operational systems, comparing those systems to Business Operating Plan requirements and other “best practices”, making recommendations for changes and/or training, developing on-going monitoring tools, and/or working to cure any deficiencies or defaults experienced by the Corporation.

Aurora Consulting staff member, Nancy Anderson, traveled to Akiachak April 11, 2005 to meet with Corporation bulk fuel facility management and staff, including:

<b>Contacts</b>	<b>Title</b>
Julie George	Office Manager
Nina Nick	Clerk/Bookkeeper
John Nick	Bulk Fuel Operator

Additionally, several telephone interviews and discussions were held with Corporation bulk fuel facility management and staff, including:

<b>Contacts</b>	<b>Title</b>
Willie Kasayulie	CEO/Facility Manager
Julie George	Office Manager

### ***Monitoring Plan and Recommendations***

The following Monitoring Plan and Recommendations is organized into three sections:

- Management and Operational Skills
- Business Operating Plan Compliance
- Recommendations

Management and operational skills identify those skills and practices that are crucial to the short-term viability of a bulk fuel facility, while Business Operating Plan compliance areas identify those activities that are required by the Denali Commission approved Business Operating Plan.

Management skills include administration, fiscal systems, and collections. Operational skills include the ability to perform maintenance, repair and operation of the bulk fuel facility. Both skill sets require knowledgeable and trained managers, bookkeepers and facility operators to manage and operate the Facility on a daily basis. In contrast, the business operating compliance section details the key activities and actions are required to be completed by the Facility in order to be in compliance with the terms and conditions of their Business Operating Plan.

Additionally, this report includes major recommendations for continued actions and training, which are detailed in the conclusion section of this report. These recommendations are limited to those actions necessary to meet the deficient management and operational skills or Business Operating Plan compliance areas.

## BULK FUEL FACILITY MANAGEMENT/OPERATIONAL SKILLS

### *Financial Management*

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	<i>Financial Management Skill Areas</i>
<i>Annual Budget</i>					
			x		Develop and utilize budgeting process
		x			Staff understanding of budget
<i>Bookkeeping</i>					
		x			Develop and track facility costs using a Chart of Accounts
		x			Understands and tracks operation & management (O&M) costs
		x			Understands and tracks renewal & replacement (R&R) costs
<i>Collection Policy</i>					
				x	Policy in place
				x	Policy implemented
		x			Collections at appropriate level
<i>Business Operating Plan</i>					
	x				Policy board has general understanding of Plan and requirements
			x		Management has general understanding of Plan and requirements
			x		Staff has general understanding of Plan and requirements
		x			Management understands financial assumptions and tables
		x			Staff understands financial assumptions and tables
			x		Management capable of annual Plan update
		x			Staff capable of annual Plan update

Comments:

#### *Annual Budget*

Akiachak, Limited develops an overall annual budget for all of the Corporation's operations and enterprises, including the bulk fuel facility. However, the office manager and bookkeeper are not involved in the annual budgeting process and lack strong understanding of the process and they can use the information to perform their job duties.

#### *Bookkeeping*

Akiachak, Limited has a Chart of Accounts and is using the Quickbooks software package as its bookkeeping system. It is primarily the office manager's job to manage the bank accounts, account payables, accounts receivable and other general bookkeeping for all of the Corporation's operations and enterprises. The office manager is assisted in these functions by the clerk/bookkeeper.

Both of the office manager and the clerk/bookkeeper have attended the bulk fuel business plan training and are generally trained on Quickbooks. At the time of our visit, all of the staff had reviewed and generally familiarized themselves with the Business Operating Plan and associated financial requirements.



The facility staff generally understands the difference between the O &M and R&R costs that must be tracked by separate accounts, as indicated in the Business Operating Plan. The Corporation has not yet established separate account codes in the Chart of Accounts for tracking O&M and R&R costs. The Corporation has not yet established an R&R interest-bearing account and is not yet making quarterly deposits into the account. However, it is the intention of the Corporation management, during the month of October, to establish the R&R bank account and to hold a meeting of facility participants to setup procedures for making both O&M and R&R payments.

#### *Collections Policy*

The Corporation has a collections policy in place and is generally followed. However, due to poor fishing the number of delinquent accounts has grown. The Corporation plans to make a concerted collections effort after the distribution of PDF checks.

#### *Business Operating Plan*

Both the facility manager and office manager are able to cogently discuss the general terms and conditions of the Business Operating Plan. The office manager is well informed on the specific requirements of the Business Operating Plan - including the financial requirements, Denali Commission reporting requirements and the Secondary Operator Agreement. However, the office manager and bookkeeping staff are concerned about their ability to implement the financial requirements without further technical assistance.

## Personnel Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	Personnel Management Skill Areas
<i>Job Descriptions</i>					
			x		Job descriptions current for all positions
				x	Staff aware of/understand job descriptions
<i>Staffing</i>					
				x	Staffing adequate to operate & maintain the facility
<i>Training</i>					
		x			Staff has adequate training for job requirements
		x			Ongoing training in place

Comments:

### *Job Descriptions*

Job descriptions exist for all Corporation employees, including the bulk fuel personnel. However, management should review the job descriptions to ensure compliance with the Business Operating Plan.

### *Staffing*

It appears that the staffing level of the Akiachak bulk fuel facility is adequate to operate and maintain the Facility.

### *Training*

The facility staff appears to have the basic training required for their job duties and functions. All of the facility staff has attended the Bulk Fuel Managers or Bookkeepers Business Plan Training and the facility operator has attended the Bulk Fuel Operators Training. The office manager and clerk/bookkeeper would probably benefit from advanced Quickbooks training, and follow-up training on distinguishing and tracking O&M and R&R costs as well as budgeting and fuel price setting.

The Corporation appears to be extremely interested in obtaining appropriate training for the Facility personnel, but funding is an issue. The Corporation has been very responsive to funded-training opportunities as they arise.

## Operations Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	Operations Management Skill Areas
<i>General Operations</i>					
			x		Management/staff have general understanding of operation needs
		x			System to schedule tasks for routine maintenance
			x		System to schedule tasks for non-routine maintenance
<i>Inventory Control</i>					
			x		Inventory control system in place
		x			Knows what parts to keep in inventory for routine maintenance
<i>Emergency/ Spill Response</i>					
			x		Staff can explain/locate oil spill response plan
		x			Written safety policy

Comments:

### *General Operations*

Management and staff expressed that they have a good understanding of operational needs and understand what routine maintenance functions need to occur. However, there are not yet established systems to schedule routine maintenance functions. Currently, the Corporation intends to utilize the R&R maintenance schedule contained within the Business Operating Plan as its non-routine maintenance guideline.

### *Inventory Control*

Currently, fuel inventories are being reconciled between the physical inventories taken by the bulk fuel operator and fiscal inventories tracked by the accounting system. Minimal operational supplies are kept specifically for the Facility. This is in part due to the newness of the Facility and the design of the Facility - all of which limit the range and quantity of required parts. The facility management should review the efficacy of maintaining specific inventory of facility components.

### *Emergency/ Spill Response*

The Corporation staff was able to locate Emergency/Spill Response plans and staff was generally familiar with the content of the plans. Currently, the Corporation is reliant upon the emergency spill response plans provided by AEA as part of the bulk fuel facility project and does not any other written safety plan or policy.

## BUSINESS OPERATING PLAN COMPLIANCE

### *Financial Management*

Yes	No	NA	<i>Financial Management Compliance Areas</i>
<i>O&amp;M Account</i>			
x			Accounting established
	x		Regular deposits into account
x			Systems in place for \$5,000 authorizations
<i>R&amp;R Account</i>			
	x		Accounting established
	x		Regular deposits into account
	x		Interest-bearing savings account
	x		Resolutions required
	x		2 signatures required
		x	Escrow account established
		x	Resolutions required
		x	2 signatures required
<i>Budgets</i>			
	x		O&M budget
		x	Prior to fiscal year
	x		R&R budget
		x	Prior to fiscal year
<i>Business Plan Updates</i>			
		x	Review assumptions
		x	Update tables
<i>Audits</i>			
x			Annual audit conducted by qualified, independent auditor
		x	Copy to Denali Commission
<i>Annual Report</i>			
		x	Submitted to Denali Commission timely
		x	Summary of O&M and R&R Projects
		x	Expenditures and account balances
		x	Upcoming O&M and R&R budgets
		x	Updated business plan financial tables
		x	Other information
<i>Insurance</i>			
x			General liability insurance in place
x			Other insurance in place

## Comments:

### *O&M Account*

Akiachak, Limited has an established operating bank account at the Wells Fargo Bank in Bethel. Currently, the Corporation has established procedures that require that all checks are signed by two authorized signers. The Corporation has not yet met with the other facility participants to develop an O&M payment schedule however is planning to do so in late October 2005.

### *R&R Account*

The Corporation has not yet established an interest-bearing savings account for its R&R funds, nor is it making required deposits into the account. The Corporation has not yet met with the other facility participants to develop an R&R payment schedule. However, the Corporation is planning to both open an R&R account and met with other facility participants to develop a payment process by late October 2005.

### *Budgets*

The Corporation has not yet established on-going budgeting procedures not has it updated its annual operating or R&R budgets. The Corporation, which operates on a January through December fiscal year, has been operating the facility, which is not yet completed, since mid-2004. Therefore, the Corporation anticipates developing a budget for the upcoming fiscal year beginning in January 2006.

### *Business Plan Updates*

The Corporation has not yet updated their business plan. However, the Corporation staff is aware that an update needs to be done annually and anticipates updating plan as part of its budgeting process for fiscal year 2006.

### *Audit*

Akiachak, Limited has retained the audit services of Anchorage-based Mikunda, Cottrell & Co, and management is aware of the Denali Commission requirements regarding an annual audit.

### *Annual Report*

In order to facilitate their annual budget and reporting processes, the Corporation intends to utilize its fiscal year – January through December - for reporting purposes. Therefore, it anticipates submitting its first annual report to the Denali Commission in early 2006, when it has received a copy of its 2005 financial audit.

### *Insurance*

Currently, the Akiachak, Limited does have in place required liability insurance. Additionally, the Corporation does have required workers compensation insurance for its employees.

## *Personnel Management*

Yes	No	NA	<i>Personnel Management Compliance Areas</i>
<i>Facility Manager</i>			
x			Manager designated
		x	Changes reported to Denali Commission
<i>Staffing Adequate</i>			
x			Staffing adequate
<i>Training Plan</i>			
	x		Training plan in place

Comments:

### *Facility Manager*

Willie Kasayulie, Akiachak, Limited CEO is the manager of the Facility, which is unchanged from the original business plan.

### *Staffing Adequate*

The current level of staff appears to be sufficient.

### *Training Plan*

As mentioned earlier, the Corporation does not have a formal training plan; instead, Facility participants take advantage of training opportunities as they arise.

## Operations Management

Yes	No	NA	Operations Management Compliance Areas
<i>Facility Components in Good Working Order</i>			
x			Facility components in good working order
<i>SPCC</i>			
x			SPCC on-hand
x			SPCC current
<i>Facility Response Plan</i>			
x			Plan on-hand
x			Plan current
<i>Coast Guard Operations Manual</i>			
x			Manual on-hand
x			Manual current

Comments:

### *Facility Components in Good Working Order*

In general, the facility components appear to be in good working order. The AEA is currently working to finalize the painting of the facility tanks and miscellaneous tasks. It is anticipated that work on the facility will be finalized prior to winter 2006.

### *SPCC/Facility Response Plan/Coast Guard Operations Manual*

The Corporation has received its copies of the Facility's regulatory plans and its Operations Manual, which are readily available in the Corporation office.

## RECOMMENDATIONS

---

All of the Corporation management and staff interviewed demonstrated a genuine interest in fully understanding and implementing the Business Operating Plan. The Corporation staff expressed interest in fully complying with terms and conditions of the Business Operating Plan and managing the Facility in a sustainable manner, but also did express concern about their ability to implement the financial and budgeting requirements without further technical assistance. To that end, we have a few recommendations regarding systems, procedures and operations.

The following outlines the systems and procedures that should be addressed by the Corporation, areas that technical assistance/training may be warranted, and operational areas requiring follow-up:

<b>Systems and Procedures</b>	<b>ASAP</b>	<b>Within year</b>	<b>On- Going</b>
Develop procedures for completing & submitting annual reports		x	
Update written job descriptions		x	
Develop financial policies & procedures to track and record O&M and R&R costs	x		
Establish R&R bank account and begin making deposits	x		
Develop a written staff training plan		x	
<b>Technical Assistance</b>			
Updating business operating plan and financial assumptions			x
Using Quickbooks to track O&M and R&R costs	x		
Understanding and updating fuel prices	x		
Preparing and revising budgets		x	
Preparing and submitting Denali Commission report		x	
<b>Training</b>			
Periodic, possibly annually, operations assistance/troubleshooting		x	
<b>Operations</b>			
Develop system to schedule tasks for routine maintenance		x	
Develop system to schedule tasks for non-routine maintenance			x
Improve understanding of what parts inventory to keep		x	